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HOUSE BILL 1196

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State of Washington                      54th Legislature                      1995 Regular Session

By Representatives Lisk, Thompson, Blanton, Honeyford and Van Luven

Read first time 01/17/95. Referred to Committee on Commerce & Labor.

1            AN ACT Relating to revising the unemployment insurance tax  
2 schedules by establishing the tax schedule for 1995 and by modifying  
3 the fund balance ratio intervals used to determine the effective tax  
4 schedule; reenacting and amending RCW 50.29.025 and 50.29.025;  
5 providing an effective date; providing an expiration date; and  
6 declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8            **Sec. 1.** RCW 50.29.025 and 1993 c 483 s 21 and 1993 c 226 s 13 are  
9 each reenacted and amended to read as follows:

10            The contribution rate for each employer shall be determined under  
11 this section.

12            (1) A fund balance ratio shall be determined by dividing the  
13 balance in the unemployment compensation fund as of the June 30th  
14 immediately preceding the rate year by the total remuneration paid by  
15 all employers subject to contributions during the second calendar year  
16 preceding the rate year and reported to the department by the following  
17 March 31st. The division shall be carried to the fourth decimal place  
18 with the remaining fraction, if any, disregarded. The fund balance  
19 ratio shall be expressed as a percentage.

1 (2) The interval of the fund balance ratio, expressed as a  
 2 percentage, shall determine which tax schedule in subsection (5) of  
 3 this section shall be in effect for assigning tax rates for the rate  
 4 year except that during rate year 1995 tax schedule AA shall be in  
 5 effect. The intervals for determining the effective tax schedule shall  
 6 be:

7	Interval of the	
8	Fund Balance Ratio	Effective
9	Expressed as a Percentage	Tax Schedule
10	<del>((3.90))</del> <u>2.90</u> and above	AA
11	<del>((3.40 to 3.89))</del> <u>2.50 to 2.89</u>	A
12	<del>((2.90 to 3.39))</del> <u>2.10 to 2.49</u>	B
13	<del>((2.40 to 2.89))</del> <u>1.60 to 2.09</u>	C
14	<del>((1.90 to 2.39))</del> <u>1.10 to 1.59</u>	D
15	<del>((1.40 to 1.89))</del> <u>0.60 to 1.09</u>	E
16	Less than <del>((1.40))</del> <u>0.60</u>	F

17 (3) An array shall be prepared, listing all qualified employers in  
 18 ascending order of their benefit ratios. The array shall show for each  
 19 qualified employer: (a) Identification number; (b) benefit ratio; (c)  
 20 taxable payrolls for the four calendar quarters immediately preceding  
 21 the computation date and reported to the department by the cut-off  
 22 date; (d) a cumulative total of taxable payrolls consisting of the  
 23 employer's taxable payroll plus the taxable payrolls of all other  
 24 employers preceding him or her in the array; and (e) the percentage  
 25 equivalent of the cumulative total of taxable payrolls.

26 (4) Each employer in the array shall be assigned to one of twenty  
 27 rate classes according to the percentage intervals of cumulative  
 28 taxable payrolls set forth in subsection (5) of this section:  
 29 PROVIDED, That if an employer's taxable payroll falls within two or  
 30 more rate classes, the employer and any other employer with the same  
 31 benefit ratio shall be assigned to the lowest rate class which includes  
 32 any portion of the employer's taxable payroll.

33 (5) The contribution rate for each employer in the array shall be  
 34 the rate specified in the following table for the rate class to which  
 35 he or she has been assigned, as determined under subsection (4) of this  
 36 section, within the tax schedule which is to be in effect during the  
 37 rate year:

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Percent of  
Cumulative  
Taxable Payrolls  
  
(Rate  
Schedule of Contribution Rates  
for Effective Tax Schedule

From	To	Class	AA	A	B	C	D	E	F
0.00	5.00	1	0.48	0.36	0.46	0.86	1.36	1.76	2.36
5.01	10.00	2	0.48	0.36	0.66	1.06	1.56	1.96	2.56
10.01	15.00	3	0.58	0.46	0.86	1.26	1.66	2.16	2.76
15.01	20.00	4	0.58	0.66	1.06	1.46	1.86	2.36	2.96
20.01	25.00	5	0.78	0.86	1.26	1.66	2.06	2.56	3.06
25.01	30.00	6	0.98	1.06	1.46	1.86	2.26	2.66	3.16
30.01	35.00	7	1.08	1.26	1.66	2.06	2.46	2.86	3.26
35.01	40.00	8	1.28	1.46	1.86	2.26	2.66	3.06	3.46
40.01	45.00	9	1.48	1.66	2.06	2.46	2.86	3.26	3.66
45.01	50.00	10	1.68	1.86	2.26	2.66	3.06	3.46	3.86
50.01	55.00	11	1.98	2.16	2.46	2.86	3.26	3.66	3.96
55.01	60.00	12	2.18	2.36	2.66	3.06	3.46	3.86	4.16
60.01	65.00	13	2.38	2.56	2.86	3.26	3.66	4.06	4.36
65.01	70.00	14	2.58	2.76	3.06	3.46	3.86	4.26	4.56
70.01	75.00	15	2.88	2.96	3.26	3.66	4.06	4.46	4.66
75.01	80.00	16	3.08	3.16	3.46	3.86	4.26	4.56	4.76
80.01	85.00	17	3.28	3.36	3.66	4.06	4.46	4.76	4.86
85.01	90.00	18	3.68	3.76	4.06	4.46	4.76	4.86	5.06
90.01	95.00	19	4.08	4.16	4.46	4.86	4.96	5.06	5.26
95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40

Rate

From	To	Class	AA	A	B	C	D	E	F
0.00	5.00	1	0.36	0.36	0.46	0.86	1.36	1.76	2.36
5.01	10.00	2	0.36	0.36	0.66	1.06	1.56	1.96	2.56
10.01	15.00	3	0.46	0.46	0.86	1.26	1.66	2.16	2.76
15.01	20.00	4	0.46	0.66	1.06	1.46	1.86	2.36	2.96
20.01	25.00	5	0.66	0.86	1.26	1.66	2.06	2.56	3.06
25.01	30.00	6	0.86	1.06	1.46	1.86	2.26	2.66	3.16
30.01	35.00	7	0.96	1.26	1.66	2.06	2.46	2.86	3.26
35.01	40.00	8	1.16	1.46	1.86	2.26	2.66	3.06	3.46
40.01	45.00	9	1.36	1.66	2.06	2.46	2.86	3.26	3.66
45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86
50.01	55.00	11	1.86	2.16	2.46	2.86	3.26	3.66	3.96
55.01	60.00	12	2.06	2.36	2.66	3.06	3.46	3.86	4.16
60.01	65.00	13	2.26	2.56	2.86	3.26	3.66	4.06	4.36
65.01	70.00	14	2.46	2.76	3.06	3.46	3.86	4.26	4.56
70.01	75.00	15	2.76	2.96	3.26	3.66	4.06	4.46	4.66
75.01	80.00	16	2.96	3.16	3.46	3.86	4.26	4.56	4.76
80.01	85.00	17	3.16	3.36	3.66	4.06	4.46	4.76	4.86
85.01	90.00	18	3.56	3.76	4.06	4.46	4.76	4.86	5.06
90.01	95.00	19	3.96	4.16	4.46	4.86	4.96	5.06	5.26

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(6) The contribution rate for each employer not qualified to be in the array shall be as follows:

(a) Employers who do not meet the definition of "qualified employer" by reason of failure to pay contributions when due shall be assigned the contribution rate of five and six-tenths percent, except employers who have an approved agency-deferred payment contract by September 30 of the previous rate year. If any employer with an approved agency-deferred payment contract fails to make any one of the succeeding deferred payments or fails to submit any succeeding tax report and payment in a timely manner, the employer's tax rate shall immediately revert to five and six-tenths percent for the current rate year;

(b) The contribution rate for employers exempt as of December 31, 1989, who are newly covered under the section 78, chapter 380, Laws of 1989 amendment to RCW 50.04.150 and not yet qualified to be in the array shall be 2.5 percent for employers whose standard industrial code is "013", "016", "017", "018", "019", "021", or "081"; and

(c) For all other employers not qualified to be in the array, the contribution rate shall be a rate equal to the average industry rate as determined by the commissioner; however, the rate may not be less than one percent. Assignment of employers by the commissioner to industrial classification, for purposes of this subsection, shall be in accordance with established classification practices found in the "Standard Industrial Classification Manual" issued by the federal office of management and budget to the third digit provided in the Standard Industrial Classification code.

**Sec. 2.** RCW 50.29.025 and 1993 c 483 s 21 and 1993 c 226 s 14 are each reenacted and amended to read as follows:

The contribution rate for each employer shall be determined under this section.

(1) A fund balance ratio shall be determined by dividing the balance in the unemployment compensation fund as of the June 30th immediately preceding the rate year by the total remuneration paid by all employers subject to contributions during the second calendar year preceding the rate year and reported to the department by the following March 31st. The division shall be carried to the fourth decimal place

1 with the remaining fraction, if any, disregarded. The fund balance  
2 ratio shall be expressed as a percentage.

3 (2) The interval of the fund balance ratio, expressed as a  
4 percentage, shall determine which tax schedule in subsection (5) of  
5 this section shall be in effect for assigning tax rates for the rate  
6 year. The intervals for determining the effective tax schedule shall  
7 be:

8	Interval of the	
9	Fund Balance Ratio	Effective
10	Expressed as a Percentage	Tax Schedule
11	<del>((3.90))</del> <u>2.90</u> and above	AA
12	<del>((3.40 to 3.89))</del> <u>2.50 to 2.89</u>	A
13	<del>((2.90 to 3.39))</del> <u>2.10 to 2.49</u>	B
14	<del>((2.40 to 2.89))</del> <u>1.60 to 2.09</u>	C
15	<del>((1.90 to 2.39))</del> <u>1.10 to 1.59</u>	D
16	<del>((1.40 to 1.89))</del> <u>0.60 to 1.09</u>	E
17	Less than <del>((1.40))</del> <u>0.60</u>	F

18 (3) An array shall be prepared, listing all qualified employers in  
19 ascending order of their benefit ratios. The array shall show for each  
20 qualified employer: (a) Identification number; (b) benefit ratio; (c)  
21 taxable payrolls for the four calendar quarters immediately preceding  
22 the computation date and reported to the department by the cut-off  
23 date; (d) a cumulative total of taxable payrolls consisting of the  
24 employer's taxable payroll plus the taxable payrolls of all other  
25 employers preceding him or her in the array; and (e) the percentage  
26 equivalent of the cumulative total of taxable payrolls.

27 (4) Each employer in the array shall be assigned to one of twenty  
28 rate classes according to the percentage intervals of cumulative  
29 taxable payrolls set forth in subsection (5) of this section:  
30 PROVIDED, That if an employer's taxable payroll falls within two or  
31 more rate classes, the employer and any other employer with the same  
32 benefit ratio shall be assigned to the lowest rate class which includes  
33 any portion of the employer's taxable payroll.

34 (5) The contribution rate for each employer in the array shall be  
35 the rate specified in the following tables for the rate class to which  
36 he or she has been assigned, as determined under subsection (4) of this  
37 section, within the tax schedule which is to be in effect during the  
38 rate year:

	Percent of										
	Cumulative			Schedules of Contributions Rates							
	Taxable Payrolls			for Effective Tax Schedule							
	Rate										
	From	To	Class	AA	A	B	C	D	E	F	
6	0.00	5.00	1	0.48	0.48	0.58	0.98	1.48	1.88	2.48	
7	5.01	10.00	2	0.48	0.48	0.78	1.18	1.68	2.08	2.68	
8	10.01	15.00	3	0.58	0.58	0.98	1.38	1.78	2.28	2.88	
9	15.01	20.00	4	0.58	0.78	1.18	1.58	1.98	2.48	3.08	
10	20.01	25.00	5	0.78	0.98	1.38	1.78	2.18	2.68	3.18	
11	25.01	30.00	6	0.98	1.18	1.58	1.98	2.38	2.78	3.28	
12	30.01	35.00	7	1.08	1.38	1.78	2.18	2.58	2.98	3.38	
13	35.01	40.00	8	1.28	1.58	1.98	2.38	2.78	3.18	3.58	
14	40.01	45.00	9	1.48	1.78	2.18	2.58	2.98	3.38	3.78	
15	45.01	50.00	10	1.68	1.98	2.38	2.78	3.18	3.58	3.98	
16	50.01	55.00	11	1.98	2.28	2.58	2.98	3.38	3.78	4.08	
17	55.01	60.00	12	2.18	2.48	2.78	3.18	3.58	3.98	4.28	
18	60.01	65.00	13	2.38	2.68	2.98	3.38	3.78	4.18	4.48	
19	65.01	70.00	14	2.58	2.88	3.18	3.58	3.98	4.38	4.68	
20	70.01	75.00	15	2.88	3.08	3.38	3.78	4.18	4.58	4.78	
21	75.01	80.00	16	3.08	3.28	3.58	3.98	4.38	4.68	4.88	
22	80.01	85.00	17	3.28	3.48	3.78	4.18	4.58	4.88	4.98	
23	85.01	90.00	18	3.68	3.88	4.18	4.58	4.88	4.98	5.18	
24	90.01	95.00	19	4.08	4.28	4.58	4.98	5.08	5.18	5.38	
25	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40	

26 (6) The contribution rate for each employer not qualified to be in  
 27 the array shall be as follows:

28 (a) Employers who do not meet the definition of "qualified  
 29 employer" by reason of failure to pay contributions when due shall be  
 30 assigned the contribution rate of five and six-tenths percent, except  
 31 employers who have an approved agency-deferred payment contract by  
 32 September 30 of the previous rate year. If any employer with an  
 33 approved agency-deferred payment contract fails to make any one of the  
 34 succeeding deferred payments or fails to submit any succeeding tax  
 35 report and payment in a timely manner, the employer's tax rate shall  
 36 immediately revert to five and six-tenths percent for the current rate  
 37 year;

38 (b) The contribution rate for employers exempt as of December 31,  
 39 1989, who are newly covered under the section 78, chapter 380, Laws of  
 40 1989 amendment to RCW 50.04.150 and not yet qualified to be in the

1 array shall be 2.5 percent for employers whose standard industrial code  
2 is "013", "016", "017", "018", "019", "021", or "081"; and

3 (c) For all other employers not qualified to be in the array, the  
4 contribution rate shall be a rate equal to the average industry rate as  
5 determined by the commissioner; however, the rate may not be less than  
6 one percent. Assignment of employers by the commissioner to industrial  
7 classification, for purposes of this subsection, shall be in accordance  
8 with established classification practices found in the "Standard  
9 Industrial Classification Manual" issued by the federal office of  
10 management and budget to the third digit provided in the Standard  
11 Industrial Classification code.

12 NEW SECTION. **Sec. 3.** (1) Section 1 of this act is necessary for  
13 the immediate preservation of the public peace, health, or safety, or  
14 support of the state government and its existing public institutions,  
15 and shall take effect immediately.

16 (2) Section 2 of this act shall take effect January 1, 1998.

17 NEW SECTION. **Sec. 4.** Section 1 of this act expires January 1,  
18 1998.

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